

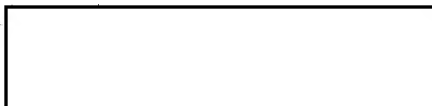
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22 April 1952

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OCI No. 5164

Copy No. 266

## **CURRENT INTELLIGENCE DIGEST**

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

DIA and PACOM review(s) completed.

State Department review completed

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GENERAL

1. Agreement reached on Chinese Communist-Czech cooperation:  
On 6 May the Czech delegation now in Peiping will sign agreements on postal and telecommunications links and cultural and scientific cooperation, according to Radio Prague. The postal and telecommunications agreement will become effective 1 July 1952. [REDACTED]

Comment: This latest postal and telecommunications agreement is further evidence of the importance attached by the Soviet Union to linking the Chinese Communist communications network with that of Eastern Europe. The Peiping government signed postal and telecommunications agreements with North Korea in December 1949, with the USSR in February 1950, with Poland in January 1951 and with East Germany in October 1951.

2. Mrs. Kora to visit Japanese war graves in Irkutsk:  
Mrs. Kora, the Japanese Diet member who attended the Moscow Economic Conference, is leaving for the Caucasus and Ukraine areas. She expects to return to Moscow about 1 May, and will then travel to Irkutsk to see Japanese war graves, according to a local report not yet passed by the censors. Mrs. Kora again said she did not think the Soviets held any more Japanese prisoners of war. [REDACTED]

Comment: By linking the POW issue with Mrs. Kora's visit, Soviet officials probably hope to capitalize further on her favorable attitude to help allay Japanese antagonism regarding this controversial issue.

The scheduled return of Mrs. Kora to Moscow about 1 May suggests that this date may have been selected to enable her to witness the impressive May Day demonstrations and to interview Stalin, as she has requested.

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SOVIET UNION

3. Soviet collective-farm abuses condemned: A 19 April editorial in Pravda entitled "Guarding the Interests of the Collective Farm Economy" referred to instances of "criminal pilfering" and squandering of collective-farm property in various districts which "grievously harm" the consolidation and further development of the agricultural economy.

Some party and local officials are said to have infringed the agricultural charter by exploiting their positions to coerce farmers into handing over farm produce either free of charge or at reduced prices. Some senior secretaries of rayon party committees have already been expelled from the party and are now facing trial. [REDACTED]

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Comment: The agricultural artel charter, the basic law of collective-farm life, was established by government decree in 1946. It aimed at preventing abuses that might prove harmful to the collective-farm system and dangerous to the entire Soviet program of socialist construction.

The present campaign to eliminate pilfering and squandering on the collective farms is believed to be part of a general administrative effort to reinforce the neglected provisions of the basic law of 1946.

4. USSR not expected to play host to UNGA session: According to the AP representative in Moscow, the press story alleging that the USSR would invite the UN to hold a General Assembly session in Moscow was based on information from Soviet spokesmen. The AP correspondent cites suggestions by Soviet foreign trade and press officials and reports that certain chiefs of mission, including the Swedish, also believe that a GA session in Moscow is likely.

The US Embassy in Moscow is not inclined to attach any special significance to this story. [REDACTED]

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Comment: On previous occasions Soviet spokesmen have informally and evasively claimed willingness to hold a session in Moscow. Although the Soviet Government permitted the greatest influx of non-Communist foreigners in recent years for the Moscow Economic Conference, the Kremlin

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did not permit the unbiased reporting, unrestricted activities or extensive press accreditation that would be necessitated by a UN meeting.

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EASTERN EUROPE



6. B-29-type aircraft sighted over Hungary: On 16 April, the American Air Attache in Hungary sighted three B-29 type aircraft in the area of Tokol airfield. The aircraft were at an altitude of 3500 feet and climbing in a northerly direction.

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Comment: No Soviet TU-4 bomber or TU-70 transport aircraft are known to be based in Hungary or in any other Eastern European Satellite. The observed aircraft may have been on a practice cross-country flight or returning Soviet personnel to the USSR following the 4 April Liberation Day celebration.

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FAR EAST

7. Communist-front Japanese student groups schedule strikes:  
The Communist-front National Student Self-Government Federation, Zengakuren, issued a 14 April directive ordering its members to stage nation-wide strikes on 28 April and 1 May, according to CINCFE. The strikes will be a protest against the government-proposed subversive activities prevention bill.

CINCFE comments that the strike may succeed in rallying a considerable number of students since the proposed bill indirectly involves strengthening police authority, which most students bitterly oppose. [REDACTED]

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Comment: Zengakuren is Japan's largest student group with a membership estimated at 100,000 - 150,000. The proposed government bill provides excellent material for protest because its provisions could theoretically be perverted into the strict student supervision of the pre-occupation era.

By selecting the date of 28 April, Zengakuren may attempt to present the strike as a protest against the peace treaty, scheduled to become effective on that date.

8. Japan expected to maintain controls on exports to China:  
Despite pressures from business groups and some members of the Diet, the Japanese Government will maintain its present controls on exports until a truce is achieved in Korea, according to Department of State officials in Tokyo. The Japanese Government also believes that COCOM is too European in focus and too closely related to NATO in membership to serve its interests best. Japan is inclined to favor a separate Far Eastern arrangement for controlling trade with the Communist areas. [REDACTED]

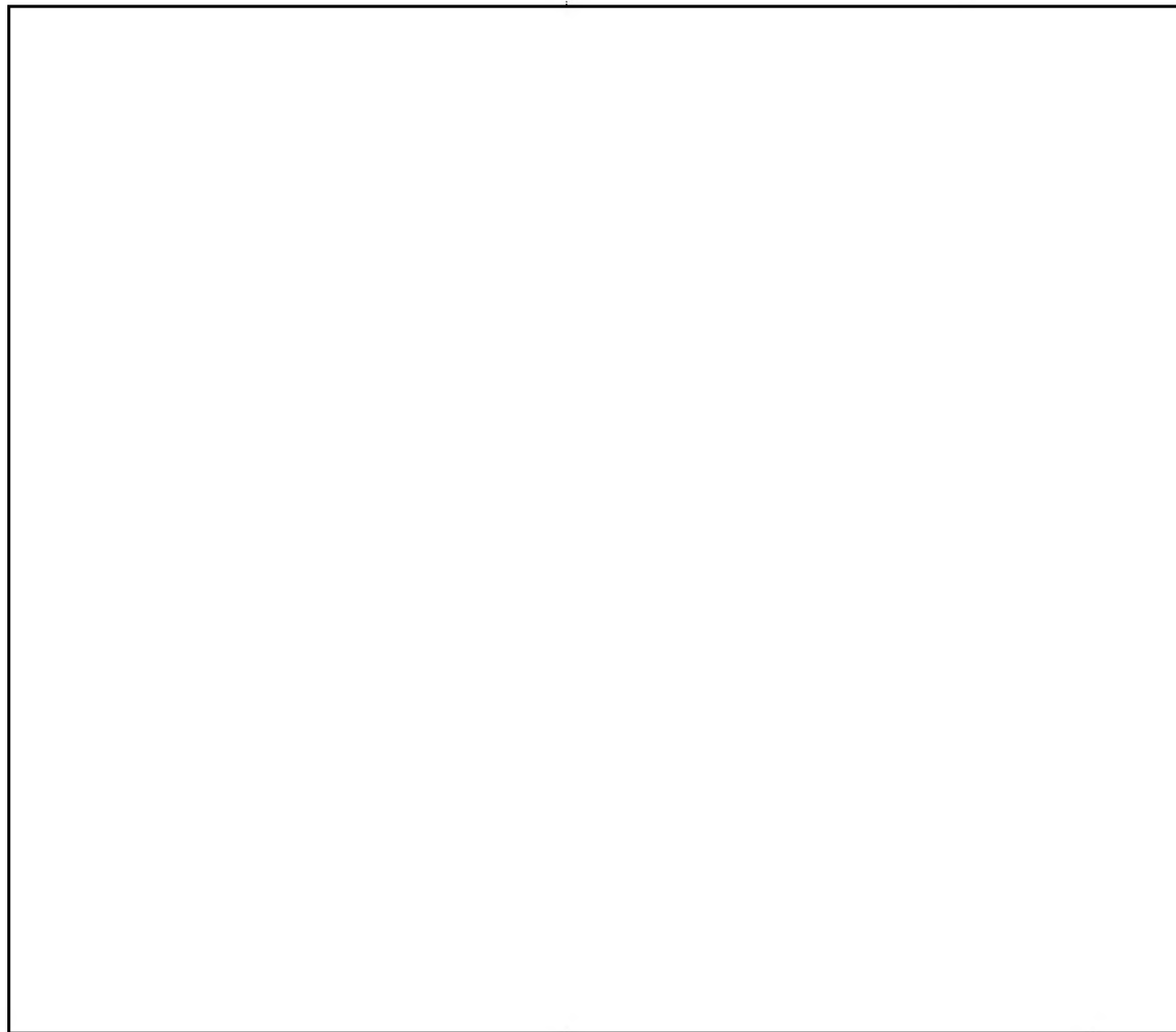
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Comment: The Yoshida government, already under opposition attack for its China policy, will find the present SCAP-directed controls politically difficult to maintain for an extended period after the peace treaty becomes effective. Japan's dependence on the West for its three principal imports--food, cotton and petroleum--assures its cooperation in export controls, but the government eventually can be expected to relax controls on items not being embargoed by its European competitors.

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10. Bawdwin Mines may reopen in Burma: Rail service between Rangoon and Mandalay has been uninterrupted for three weeks, and therefore the Burma Corporation has initiated action to reopen the Bawdwin Mines in the Shan States.
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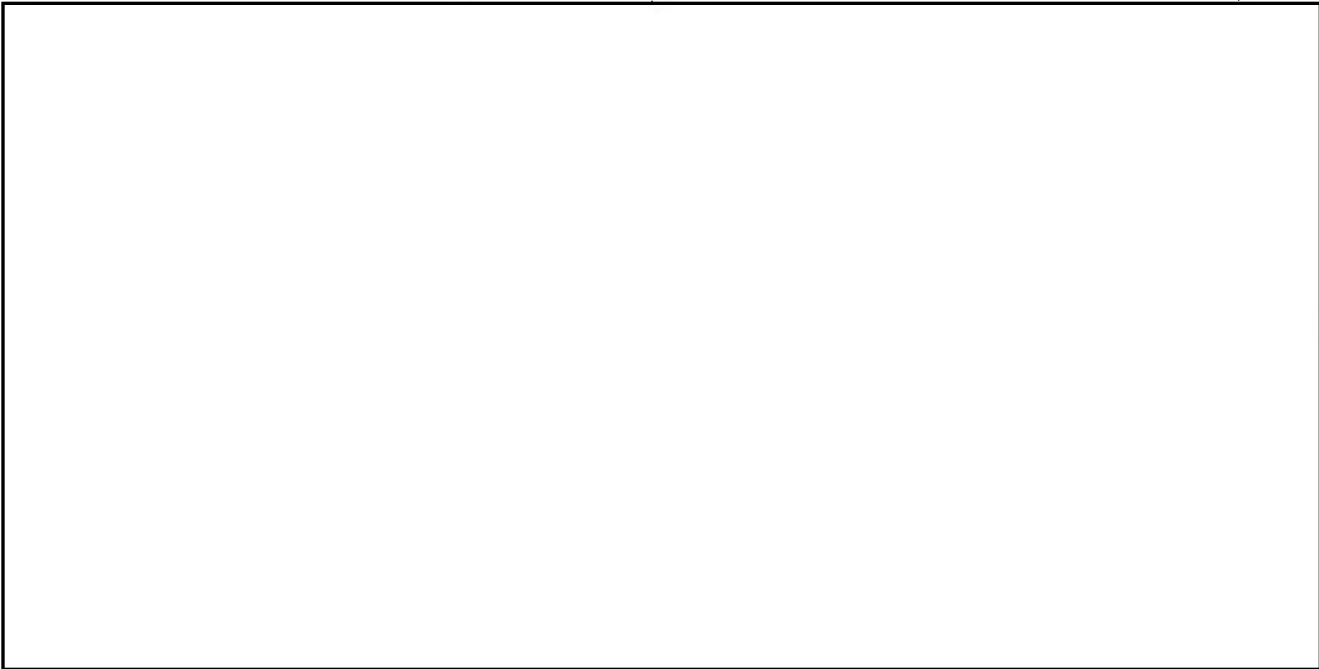
Comment: Before the war, the Bawdwin Mines were large producers of lead, silver, zinc, copper, nickel, gold and antimony. In recent years, small amounts of ore have been shipped from stocks on hand, but resumption of production and smelting have been held up by interrupted communications and insurgency in the area.

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12. Indonesian official sees possibility of increased trade with Soviet Orbit: The Indonesian Minister of Economic Affairs told the press that, as a result of the Moscow Economic Conference, "very good possibilities exist" for expanded trade between Indonesia and the Soviet Union, China, and the Eastern European countries. [redacted]

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[redacted]

Comment: The Indonesian delegation to the Moscow Economic Conference reportedly emphasized that the difficulties of Indonesian rubber producers result from American "price-depressing tactics," and offered "unlimited quantities" of rubber to the Soviet Union.

In March, an Indonesian official discussed expansion of trade agreements in Austria, Hungary and Czechoslovakia.

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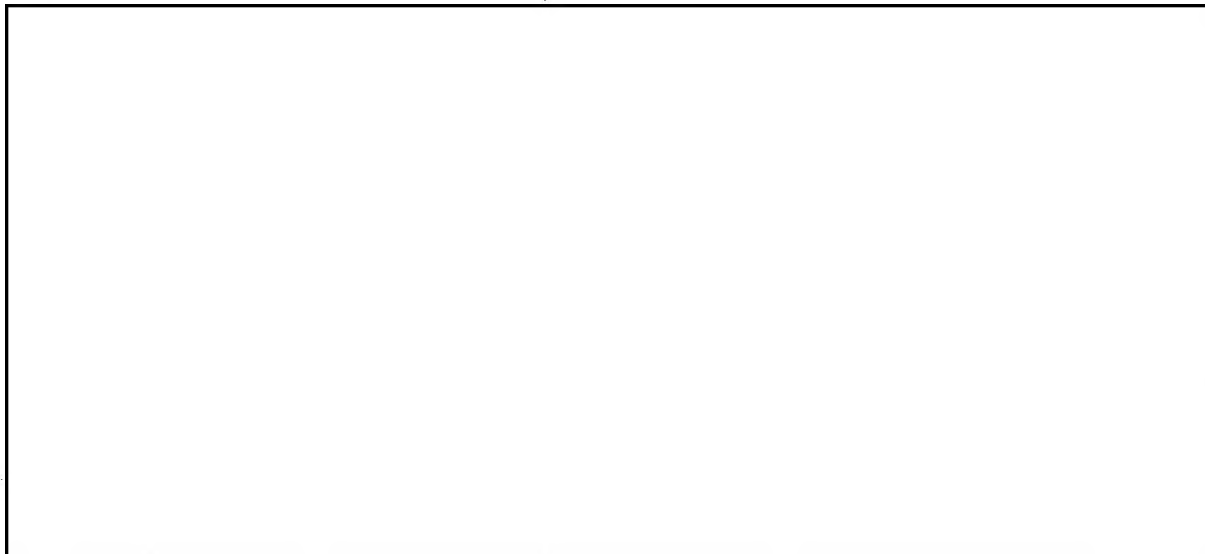
NEAR EAST - AFRICA



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14. Trouble in Morocco reported imminent: Well-placed military sources have told the American Consul in Rabat to expect "serious trouble" in Morocco shortly.

Other sources, however, have supplied no recent corroborating information. [REDACTED]

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Comment: Despite frequent warnings of a "general uprising" in French Morocco, there is no evidence that the Moroccans can stage a full-scale, coordinated revolt. French military authorities probably could maintain control in the event of sporadic disturbances in urban areas.

The young nationalists are [REDACTED] growing impatient with the present policy of restraint established by their more moderate leaders. The Moroccan Communists' capabilities for taking full advantage of the situation are restricted by recent French security measures.

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WESTERN EUROPE

15. Slovenes reportedly desert Stalinist party in Trieste:  
American officials in Trieste have received information that the reported schism in the pro-Cominform Communist Party has resulted in the defection of many Slovene members to local Slovene parties, including the pro-Titoist group.

This Slovene minority in the party has apparently been estranged by party chief Vidali's pro-Italian election pronouncements in Italy and by the party's participation in the pro-Italian political strike in late March. [REDACTED]

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25X1 [REDACTED]  
Comment: The recent upsurge of Italian nationalism in Trieste has undoubtedly contributed to the first serious rift in the pro-Cominform party since the Tito-Cominform split. American officials in Trieste received reliable reports in early April that the Communist-led port workers in Trieste were greatly displeased with Vidali's "irredentist" statements.

Although Slovene elements fear a change in the party's line, its new election platform supporting independence for Trieste suggests that their fears are not justified. Other measures designed to heal the breach in party ranks have also been taken by Vidali since his return from Italy.

16. European Defense Community conference agrees to early May deadline: In view of the urgency for signature of the European Defense Community treaty, the conferees in Paris have agreed on a deadline of 3 May for the completion of their work.

25X1 The French delegate suggests that the treaty itself be forwarded to the governments by that date. He believes that any remaining work on the protocols could be finished in time for the final Ministers meeting and the signing scheduled for 17 May. [REDACTED]

Comment: The United States had originally proposed 9 May as the deadline for signing the treaty.

Most of the Defense Community members agree that the unresolved issues are minor and could be covered in a protocol after the signing. The German financial contribution is the principal problem blocking complete agreement.

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17. East German propaganda reflects unusual control by USSR:  
The principal theme of East German Deputy Premier Walter Ulbricht's speech on 16 April was a call for mass strikes and demonstrations by West Germans for a peace treaty, as the "hour of decision for the German people has come."

American officials in Berlin believe this call suggests that the Communists may go beyond merely fostering "unity of action"; strikes instigated by such organizations as the Free German Youth could result in clashes with the police. The American officials also believe that the Communists have been directed to avoid giving any impression that the USSR plans drastic counteractions if the contractual agreement is ratified. The war-danger theme, they believe, is to be used only as a warning against the possibility of aggressive actions by the West.

On 17 March East Berlin propagandists were instructed that the campaign for a peace treaty was the paramount task. They were directed to avoid discussions of militarism, German boundaries and Germany's development after all-German elections, and were accused of failure to clarify for the population the distinction between imperialist and just wars.

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18. Soviet authorities reported extending land reforms in Austria: Austrian tenants who since 1948 have leased Austrian estates which were seized by the Soviet occupation forces or held by them as German assets are reportedly being evicted in "whole-sale" numbers. Tenants who have refused to associate themselves with Communist activities have allegedly lost not only homes and land, but also livestock purchased with Austrian governmental assistance.

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Comment: The Russians' control and exploitation of the 275,000 acres of land they hold in eastern Austria have elicited repeated complaints from the Austrian Government. The extent of alleged "land reforms" has not, however, been established, recent publicity being primarily concerned with the Esterhazy estates seized by the Russians when the family properties in Hungary were expropriated. Efforts to distribute these lands have heretofore been frustrated by strong Austrian opposition and by the general suspicion that titles so acquired would be invalid.

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19. Chief of BW propaganda mission penalized by Austrian Government: Dr. Heinrich Brandweiner, who has returned from Korea, was suspended on 17 April by the Austrian Government from his position as professor of international law at the University of Graz. Dr. Brandweiner, who used a leave of absence from the university to accept the post of chairman of the International Association of Democratic Lawyers' commission investigating biological warfare charges in Korea, has been under public fire for misuse of his official capacity to further propaganda charges.

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20. Italian Communists abate germ warfare campaign: The Communist biological warfare campaign seems to be tapering off, apparently because of a recent dispatch from North Korea written by Wilfred Burchett and printed in the Italian Communist daily Unita. The article states that the BW battle has been won by the North Korean medical personnel and adds, "We can now state there is no epidemic among the population or the troops."

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Comment: The Italian Communist biological warfare campaign had previously tapered off toward the end of March, but was vigorously revived early in April.

#### LATIN AMERICA

21. Argentine delegates to Moscow conference depart for China: Four Argentine delegates to the Moscow Economic Conference reportedly are en route to China to study the possibilities of expanding international trade. The chief delegate states that he had exploratory trade talks with delegations representing the Soviet Union, Poland, Czechoslovakia, East and West Germany, and France. He said that trade treaties with these countries would enable Argentina to purchase machinery, gasoline, petroleum and hydroelectric equipment. Argentina would sell wool, hides, cottonseed oil, and casein.

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Comment: The most immediate gain Argentina can hope to derive from the projected trip is publicity for its independent attitude vis-a-vis the United States, in support of its "third-position." Argentina now lacks an exportable surplus rather than export markets, and it is doubtful that it can find more liberal credit offers in the Soviet Orbit than in the West.

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After World War II, Argentina developed significant but not major trade with eastern European countries in order to dispose of large exportable surpluses and obtain some manufactured goods not readily available in the West.

22. Brazilian press reports Orbit-Brazil trade possibilities arising from Moscow Economic Conference: Ultima Hora, a newspaper reportedly close to the administration, last week headlined a reported USSR offer of 1,000,000 tons of wheat for Brazilian products including rice and rubber. The generally pro-US and conservative O Jornal printed on its front page a Reuter's dispatch from Moscow quoting the Brazilian delegation on commercial offers from China, the USSR, East Germany, Rumania, Poland, and Hungary. O Jornal describes a three-way trade in which Brazil would sell textiles to China and receive wheat from the USSR. Other reported trade arrangements would involve the sale of Brazilian cotton, textiles, rice, vegetable oils, hides, and industrial diamonds for wheat, petroleum, tractors, locomotives, paper, synthetic rubber manufacturing equipment, and coal.

The US Embassy in Rio comments that, despite the impossibility of the Orbit's executing all such offers, the reports are likely to have some effect on Brazil which is having difficulty finding markets for the products the Orbit offers to buy and with exchange problems in connection with the desired imports.

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Comment: Anticipated expenditures for 1952 wheat imports alone equal 180 million dollars, and the nonavailability of Argentine wheat has already created a serious dollar shortage in Brazil. A concrete offer along the lines of the cited arrangements might well have some appeal in Brazil.

23. Deteriorating economic situation in Paraguay affecting political stability: The rising cost of living and food shortages are increasing public dissatisfaction with the Paraguayan Government. The army is believed generally united behind President Chaves. The government, aware of the political implications of the economic situation, and, "sparked by the President and Chief of Police," is considering major economic changes. Government preoccupation with the proximity of the recent Bolivian coup is evident; the Chief of Police states that the coup came at a most inopportune time for Paraguay in view of the deteriorating economic situation.

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Comment: Generally the political and economic situation is more favorable to revolutionary attempts now than it was a year ago. Tension can be expected to increase with political machinations in anticipation of the coming presidential election. Maladministration, increased graft, and corruption have caused growing discontent, even, reportedly, in the higher army echelons.

24. Bolivian Cabinet rejects immediate nationalization of mines:  
The new Bolivian Cabinet has rejected immediate nationalization of mines, as demanded by Juan Lechin, Minister of Mines and Petroleum and leader of the important mine workers' federation. The cabinet has decided to adopt President Paz Estenssoro's plan to study the whole problem, meanwhile exacting a higher share of exchange receipts.
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Comment: While Paz has approved the principle of nationalization, he would prefer to proceed cautiously, especially in view of the still pending tin negotiations with the United States. His stand, however, may be undermined by Lechin and other extreme nationalists who continue to inflame public opinion by demanding immediate nationalization.

Strong pressure will also be exerted by the Central Organization of Bolivian Workers, which has just been formed to unify workers "in the fight for nationalization of mines and railroads, and agrarian reform." Lechin and the Minister of Labor are the top officials of this organization.

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22 April 1952

CIA No. 49622

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**TOP SECRET SUPPLEMENT**

**TO THE CURRENT INTELLIGENCE DIGEST**

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**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

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WESTERN EUROPE

1. Anglo-American draft on Trieste believed acceptable to Italian public: The American Embassy in Rome believes that the Italian public will accept the substance of the Anglo-American draft on Trieste as a satisfactory conclusion of the London talks, provided the Italian press is not unduly stirred up over the need for a "political agreement," which is not covered by the draft.

The Embassy suggests that the draft would be more useful to the Italian Government if only a document in general terms were issued for public consumption. [REDACTED]

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2. Delay in Norwegian-American base negotiations explained: According to the American Embassy in Oslo, the government's delay in completing negotiations with the United States for the development and use of Norwegian military facilities is due partly to the impression received by a cabinet member at the UN General Assembly meeting last winter that the Russians were aware of the negotiations. The Norwegian Foreign Minister and Defense Minister still regard the project as "provocative" and dangerous. [REDACTED]

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Comment: Norwegian alarm over Soviet knowledge goes back to the formal reassurance given the USSR at the time of the formation of NATO -- and subsequently repeated -- that "bases" on Norwegian territory would not be granted to any foreign power in time of peace. Ultimate successful conclusion of the current Norwegian-American negotiations can nevertheless be expected.

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LATIN AMERICA

3. Chile and Peru alarmed over unrest in South America:  
Chile and Peru firmly oppose recognizing the new Bolivian Government before there has been a thorough investigation of foreign influence in the Bolivian coup. The Chilean Foreign Minister has stated that his Ambassador and Military Attache in La Paz informed him that during the coup there were more arms and ammunition in the streets than in the arsenal, and that these previously hidden supplies were of foreign origin.

The Chilean Foreign Minister is also alarmed over the general continental situation which, he thinks, poses a special threat to Chile and Peru. He believes that Peron exerts strong influence over Paraguayan officials and over Velasco Ibarra, a leading presidential candidate in Ecuador. He is also greatly disturbed by the unrest in Colombia.

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